

**Addendum No. 1 To D & O Protected Parties Settlement Agreement**

This Addendum to the D&O Protected Parties Settlement Agreement (“Addendum”), upon filing with the United States Bankruptcy Court for the District of Delaware in Case No. 03-12872, is hereby incorporated into and made a part of the D&O Protected Parties Settlement Agreement by and among NorthWestern Corporation and the other parties thereto. The purpose of this Addendum is to clarify the D&O Protected Parties Settlement Agreement as follows:

1. This D&O Protected Parties Settlement Agreement provides that the parties to said Agreement release certain “Released Claims” as defined therein.

2. 3.1(b) of the D&O Protected Parties Settlement Agreement is hereby clarified to reflect that the D&O Protected Parties Settlement Agreement does not, and is not intended to, constitute a release of any of the following:

(a) any claim any of the individual D&O Protected Parties shall have for indemnification against the Debtor, the Reorganized Debtor or the Debtor’s estate, for any and all claims, demands, causes of action, liabilities or obligations of any kind whatsoever arising out of, resulting from or relating to, directly or indirectly, their service as a director or officer of the Debtor in the period after the Petition Date; and for the period of June 1, 2003 to June 1, 2004 for such claims, demands, causes of action, liabilities or obligations as may be covered under AEGIS Director and Officer Liability Insurance Policy No. D0626A1A03 and EIM Excess Director and Officer Liability Insurance Policy, No. 900755-0300; and for the period of June 4, 2003 to the Effective Date for such claims, demands, causes of actions, liabilities or obligations as may be covered under the ELU Director and Officer Liability Insurance Policy No. 086223-04 and the AIG Excess D&O Liability Insurance Policy No. 350-65-15;

(b) any and all claims timely filed in the aforesaid bankruptcy proceedings relating to compensation under written employment contracts or benefits under the Debtor's nonqualified employee benefit plans;

(c) any and all claims timely filed in the aforesaid bankruptcy proceedings and classified as Class 10 Convenience Class claims.